

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-2480/1	Introduction Number AB-0412
-----------------------------	------------------------------------

Description

Changing the assessment method for business improvement districts

Fiscal Effect

State:

- | | | |
|---|--|---|
| <input type="checkbox"/> No State Fiscal Effect
<input type="checkbox"/> Indeterminate
<input type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Costs |
|---|--|---|

Local:

- | | | |
|---|--|---|
| <input type="checkbox"/> No Local Government Costs
<input checked="" type="checkbox"/> Indeterminate
1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input type="checkbox"/> Decrease Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected
<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities
<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|---|--|---|

Fund Sources Affected

- GPR FED PRO PRS SEG SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By

DOR/ Yuko Iwata (608) 267-9892

Authorized Signature

Robert Schmidt (608) 266-5773

Date

10/19/2015

Fiscal Estimate Narratives

DOR 10/19/2015

LRB Number	15-2480/1	Introduction Number	AB-0412	Estimate Type	Original
Description Changing the assessment method for business improvement districts					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a municipality may create a business improvement district (BID) and appoint the BID's board members. The board must adopt an initial operating plan for the BID and may make changes to the plan each year, subject to the approval of the municipality. The operating plan must include, among other items, the special assessment method applicable to the BID. Currently, the municipality may not impose special assessments on real property that is tax-exempt or used exclusively for residential purposes. In addition to imposing the special assessments on the property in the BID, the creating municipality may appropriate other money to the BID. The creating municipality may terminate the BID by following certain procedures that are specified in the statutes.

Under the bill, if a municipality specially assesses a mixed-use real property (partly taxable and partly tax-exempt or residential) in a BID, the municipality may do so only on the percentage of the property that is not tax-exempt or residential.

FISCAL EFFECT

DOR does not possess relevant data necessary to estimate the bill's overall impact on the special assessment. A majority of the municipalities that have BIDs within their jurisdictions do not provide the amount of the BID special assessment charges on the statement of taxes form. In addition, due to lack of data, it is not clear what portion of the BID property value consists of mixed-use properties.

Wisconsin state statutes do not specify particular assessment methods for municipalities to use. According to a BID directory published in January 2013 by UW Extension, there were 85 BIDs in operation in Wisconsin. 80 BIDs disclosed in the report the assessment methods they used:

- 62 BIDs levied the special assessment based on specific mill rates, ranging from zero (for a specific property type) up to \$6.60 per \$1,000 in property value;
- 12 BIDs charged the assessment proportionally based on the budget for a given year;
- 5 BIDs used other such methods as a fixed amount per parcel and charging based on the linear front footage;
- 23 BIDs required a minimum assessment amount per property, ranging from \$100 to \$750; and
- 31 BIDs placed a cap on the assessment amount per property, ranging from \$800 up to \$12,600.

The bill may increase the special assessment imposed on certain properties to meet the BIDs' funding needs. However, due to the municipalities' ability to adjust assessment methods as frequently as on an annual basis and other fund sources available to BIDs, the bill's fiscal impact may be minimal. The proposal may incur administrative costs primarily for providing instructions to assessors, but the costs can be absorbed within the current budgetary resources.

Long-Range Fiscal Implications